CANADIAN MUSEUM *for* HUMAN RIGHTS
MUSÉE CANADIEN *des* DROITS *de la* PERSONNE

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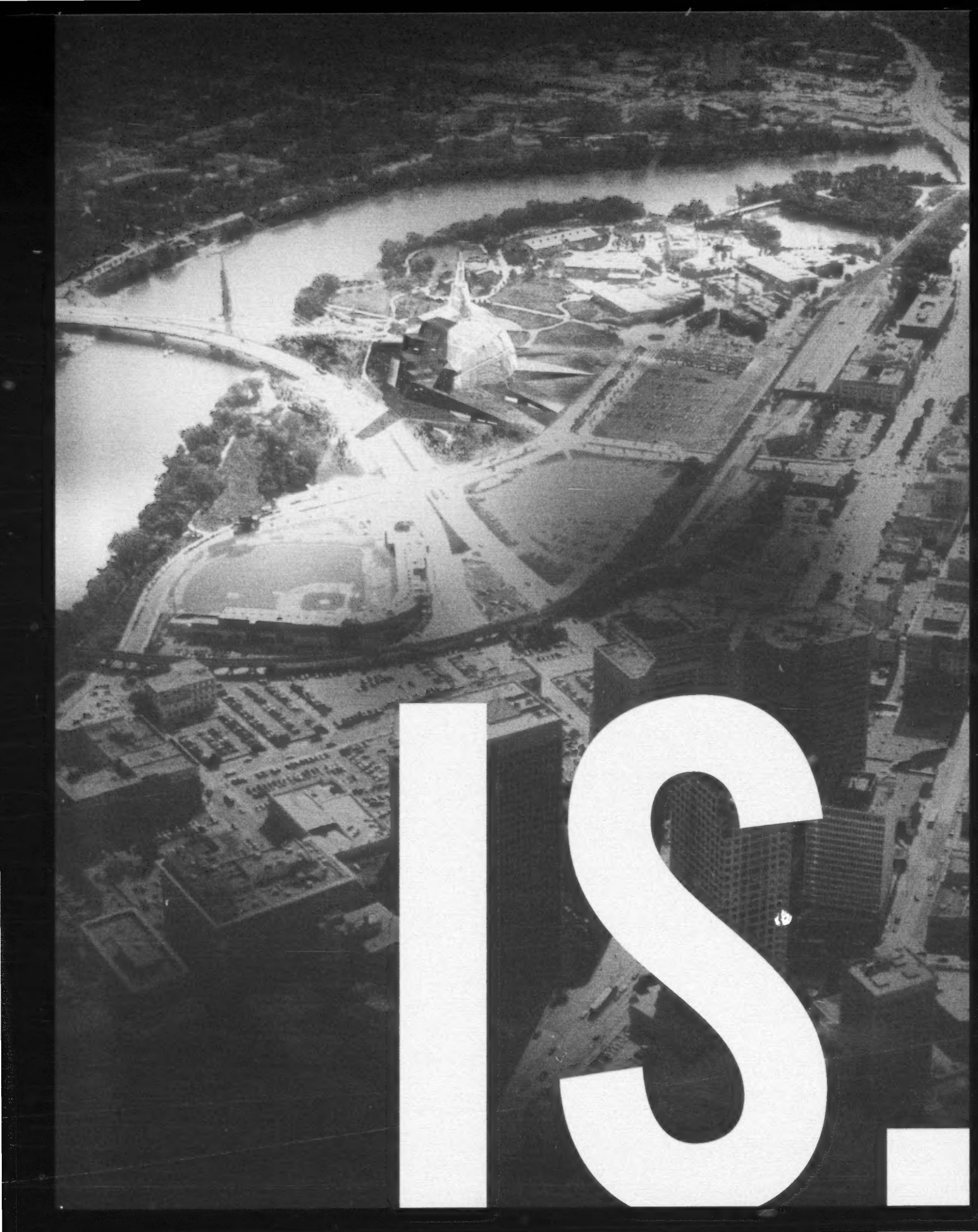
Canada

ANNUAL REPORT 2009-2010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OUR ENVIRONMENTAL RESPONSIBILITY

We are committed to sustainable and responsible decisions that minimize our environmental footprint. Our annual report is no exception. Paper was chosen based on its impact on the environment.

*To reduce the volume of waste, we have printed a limited number of Annual Reports. Please visit our website at **www.humanrightsmuseum.ca** to view the Report online.*

Please consider the environment before printing this report.

PAPER SPECIFICATIONS

- 10% PCW content
- Elemental Chlorine Free
- FSC Certified

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This report is available online in the "About the Museum" section.

MOST MUSEUMS EXPLORE THE PAST.

CMHR IS changi

CANADA'S NEWEST NATIONAL MUSEUM

With every day that passes, we approach the time when the doors will open to one of Canada's newest national museums, the Canadian Museum for Human Rights (CMHR). It will be a beacon for Canadians and for people around the world to explore human rights and to promote dialogue, understanding, and respect. As Canada's fifth national museum, the CMHR is the first national museum in Canada's history to be built and developed by all levels of government, in partnership with the private sector.

A NEW KIND OF MUSEUM – AN IDEA MUSEUM

The CMHR is a new kind of museum – a museum of stories and ideas. Artifacts will help tell the stories – but the focus of the Museum will be on participation and engagement with issues past, present, and future. The content of the Museum will be ever-changing, woven together by exhibit designers in a truly awe-inspiring space like no other. Canadian's national and international contributions to human rights as well as their stories will be told in vivid and inspiring ways. We will also examine our less proud moments – to learn from them. Visitors will be challenged to confront issues of discrimination, exclusion, and mass atrocities. Through the use of technology, new media and performance, the CMHR will offer something unique and different with each visit.

A BREATHTAKING, INTERNATIONAL ICON

The Museum's architecture symbolizes hope for a changed world. Internationally renowned and award winning architect, Antoine Predock, through his unique and timeless design, has created a path for the visitor from darkness to light. The journey starts in the Museum's "roots" and, rising from the ground of the Forks, visitors ascend a series of ramps, encountering human rights stories and the people who lived them along the way. The journey will encompass over 47,000 square feet of exhibit space through nearly a kilometer of ramps leading people to the Tower of Hope, an approximately 23 storey glass structure overlooking the horizon.

IN THE HEART OF CANADA WHERE PEOPLE HAVE JOURNEYED FOR THOUSANDS OF YEARS

The CMHR is the first national museum in Canada's history to be located outside the National Capital Region. Situated at the Forks of the Red and Assiniboine Rivers in Winnipeg, Manitoba, the Museum sits on land that has been a meeting place for thousands of years – the place where First Nations Peoples came to resolve conflict and live together in peace.

WHERE PEOPLE TELL THEIR STORIES

Though the magnificent architecture will draw people in, it will be the stories that make the journey meaningful and inspiring. The Museum will bring many people together, challenging us all to think more broadly and to consider others' points of view. Canadians have already begun to contribute to the development of the Museum's content by sharing their stories and experiences with human rights scholars, specialists, and leaders who crossed the nation to seek stories from individuals, organizations, and groups. This is the beginning of the Museum's ongoing commitment to engaging Canadians and citizens from around the world in the development of the Museum's content and program.

A MUSEUM FOR TODAY

The Museum will deal with today's issues, today's conversations, and today's challenges. It will connect with the past in order to influence the future. Online, and in person, visitors will encounter events, accomplishments, and people that forged (and continue to forge) human rights history. Visitors will learn how human rights issues affect our daily lives – in our homes, our schools, our workplace, and our communities.

TO BUILD A BETTER FUTURE

The CMHR is about our rights and our responsibilities. Its very creation is a testament to what people can accomplish when they share a common vision and work together to achieve it.

ng the future.

OUR MANDATE

Established by the *Museums Act*, our mandate is "To explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."

OUR EVOLVING VISION

Over the past year, significant efforts were made by the Board of Trustees and the Executive Team, exploring and refining the Museum's vision and value statements. Input was sought from a variety of stakeholders including individuals and groups who participated in Public Engagement sessions that took place across the country. Recognizing that the Museum's vision continues to evolve, our Board and Executive Team came to a consensus around the following statement:

"To be an exceptional Canadian and international institution that provides Canadians and visitors with an understanding of the history of and continuing global struggle to defend human rights including Canada's important role in that journey; promotes respect for the dignity and rights of all citizens; encourages learning, debate, dialogue and scholarship on human rights issues; celebrates exemplars of the human spirit; and is a catalyst for positive individual action."

OUR VALUES

Objectivity: The Museum's programs and exhibits will be informed by multiple perspectives and address human rights issues in a proactive, balanced fashion.

Innovation: The Museum will take advantage of the latest digital technologies and interactive design methodologies to ensure the richest experience for its audiences.

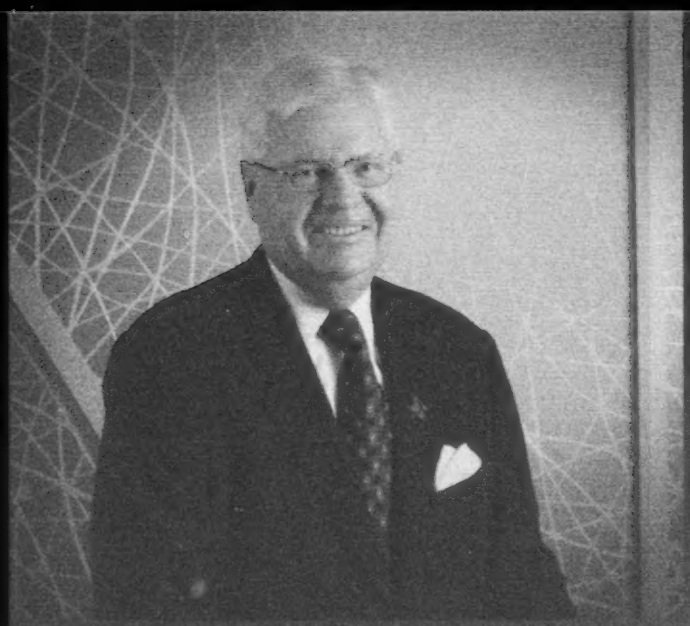
Accessibility & Inclusiveness: The Museum will be a welcoming place in both official languages for Canadians and visitors of all ages, genders, orientation, abilities, cultures, and beliefs.

Collaboration: The Museum will be engaged with local, national and global partners to achieve its mission.

Advocacy & Social Responsibility: The Museum will be a voice for the promotion of human rights through its institutional programming and its engagement in the community.

Accountability & Transparency: The Museum will establish exceptional governance, corporate and financial management regime in the service of the public trust.

Environmental Stewardship: The Museum building will be constructed to qualify for LEED Silver designation and Museum operations will reflect a commitment to sustainable environmental practices.



MESSAGE FROM our chair

ON BEHALF OF THE BOARD OF TRUSTEES OF THE CANADIAN MUSEUM FOR HUMAN RIGHTS, I AM PLEASED TO REPORT OUR ACCOMPLISHMENTS IN 2009-2010, OUR FIRST FULL YEAR WHICH ENDED MARCH 31, 2010. WE HAVE PROGRESSED ON MANY FRONTS AS WE MOVE TOWARDS THE COMPLETION OF BUILDING CONSTRUCTION IN 2012.

Given the building's complex design and large scale, the Board, the Executive Team, and our consultants continue to work collaboratively to manage and oversee all stages of the construction project including the establishment of time-frames and the management of risks. Considerable efforts were also invested in addressing the remaining capital funding requirements and the development of exhibit design. You will find evidence of our numerous other accomplishments and continued progress throughout this Annual Report.

We welcomed two new Trustees, Mr. Eric Hughes, C.A. (Calgary, Alberta) as Vice-Chair and Ms. Lisa Pankratz, F.C.A., C.F.A. (Vancouver, B.C.) as a member. The financial expertise they both bring to the Board of Trustees enhances the oversight and accountability of the CMHR and has further strengthened our Board.

The Board was equally pleased to welcome the Museum's first Chief Executive Officer, Mr. Stuart Murray in November 2009. With his successful business background and wide experience, he is providing tremendous leadership to the Museum's team. With this appointment, and the addition of a Chief Knowledge Officer (CKO), Dr. Victoria Dickenson, the Museum's dynamic and experienced Executive Team is now in place. Mr. Patrick O'Reilly, Chief Operating Officer (COO), and Ms. Susanne Robertson, Chief Financial Officer (CFO), continue to serve in the roles they undertook when the Museum was first incorporated. On behalf of the Board, I would like to take this opportunity to thank Mr. Patrick O'Reilly who served as the interim CEO for the first 14 months of the Museum's existence, in addition to his on-going responsibilities as COO.

One highlight of the year was our participation in the 2010 Vancouver Olympic and Paralympic Games. The Museum was part of CentrePlace Manitoba, the pavilion showcasing Manitoba at the Games. The pavilion was well received, and the Museum team proudly represented Manitoba and the CMHR to people across Canada and all over the world. We were pleased to introduce the CMHR as Canada's museum, just as these Olympics were Canada's Games. We will continue to engage Canadians from coast to coast to coast in strategic activities throughout the creation of this cultural marvel and well beyond opening!

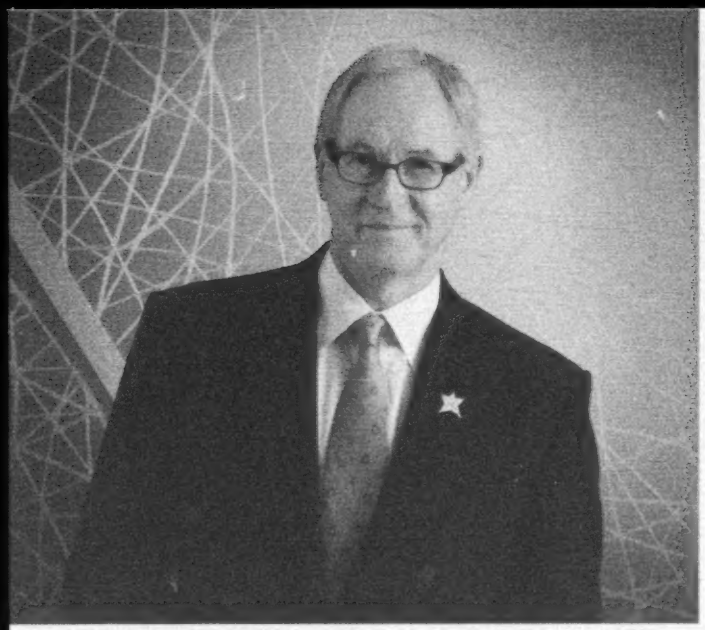
We cannot speak of the Museum's successes without recognizing the late Israel (Izzy) Asper for his vision and acknowledging his daughter, Gail, for taking his vision and

helping it to burn brighter. Together with a dedicated team of staff and volunteers at the Friends of CMHR, Gail has done an outstanding job of building support for this project across the country. We sincerely thank all of our Friends for their continued efforts. On behalf of the Board of Trustees, I congratulate the Friends of CMHR for reaching their original private sector goal of $105 million in July 2009. Given the Friends' successful track record, we are confident that our new goal of $45 million is achievable. A big thanks goes to the thousands of volunteers, donors and supporters – internationally, nationally, and throughout the province of Manitoba for your continued support to this project. It is your belief in the CMHR and your gifts that have made it reality. Your investments have brought us to this exciting time when we are finally seeing this national landmark rise up from the ground.

I would also like to acknowledge the Government of Canada, the Province of Manitoba, and the City of Winnipeg for their continued support of this project.

In closing, I extend my appreciation to the Executive Team and all employees for their dedication and hard work. We cannot lose sight of the fact that our accomplishments this past year and achievement of our future goals will not only build a magnificent facility and rich content and programming; but also contribute to the advancement of human rights; empower people to take action; and eventually change the world! I am excited by the challenges and prospects presented by our Strategic Plan and look forward to our journey as we move towards the inauguration of the Museum.

Arni C. Thorsteinson



MESSAGE FROM our president and CEO

SINCE BECOMING PRESIDENT AND CEO OF THE CANADIAN MUSEUM FOR HUMAN RIGHTS IN NOVEMBER 2009, I HAVE BEEN IMPRESSED BY THE EMPLOYEES, THE EXECUTIVE TEAM MEMBERS AND THE BOARD'S TIRELESS EFFORTS AND COMMITMENT TO SHARE THE MUSEUM'S MANDATE AND VISION WITH CANADIANS AND PEOPLE AROUND THE WORLD, AND TO PUT IN PLACE THE MECHANISMS NECESSARY TO ROLL OUT CANADA'S FIRST NEW NATIONAL MUSEUM SINCE 1967.

I have been a long time supporter of the Museum and am a passionate believer in its tremendous potential to serve as a catalyst for change. I am truly grateful to the late Izzy Asper for his legacy and am honoured to now lead this unique and dynamic organization.

I often get asked, "What is the Canadian Museum for Human Rights?" or "What is your team busy doing?" It is never a quick job to describe the commitment and passion required by our growing team as we undertake the unprecedented challenge of developing the first national museum dedicated to the global struggle for human rights in the world. As we move towards the completion of construction on the building in 2012, there is still a tremendous amount to be accomplished, above and beyond building an architectural icon. We are conducting research to provide rich and meaningful content; we are developing relationships with national and international human rights organizations; we are forming partnerships; we are creating and implementing policies and programs; we are reaching out across Canada and around the world to raise awareness of our project; and we are establishing a dynamic and talented team. The CMHR is building a solid foundation and we are working diligently towards the next phase of our journey – the opening of our iconic, world-class facility.

The last twelve months marked the achievement of a long-awaited milestone with the start of building construction of the CMHR on April 22, 2009. From the window of my office, I am able to watch the daily dramatic progress. If you have the opportunity to drive or walk by the Forks in Winnipeg or visit the live webcam on our website at www.humanrightsmuseum.ca, you will see the tremendous progress. We are beginning to realize the economic benefits of this project, with an average of 160 workers on the construction site each day, in addition to countless specialists, trades people, consultants and their teams working across the country and around the world to design and construct this iconic building.

This year was successful due in large part to the Museum's public engagement efforts. Our first Content Advisory Committee was formed to support the Museum in identifying some of the human rights stories, issues, and perspectives

that are important to Canadians. We completed our first cross-country Public Engagement tour where we visited 20 different cities and listened to almost 2,000 Canadians over the course of 10 months. It was incredible to see people from different backgrounds with vastly different points of view not only sitting at the same table and engaged in a respectful dialogue, but also discovering similarities and common ground.

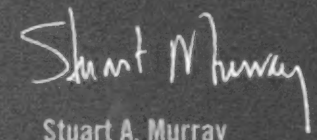
This year also saw intensive efforts in the development and creation of the unique content for exhibitions and programs, including research for our inaugural exhibits, as well as the collection of stories that will form the basis of our archives. These efforts are well underway, facilitated by our growing team.

Over the past year, we filled most of our senior positions and continue to grow. We are employing a talented, experienced, and diverse team of people, attracting candidates from across and outside of Canada. The opportunities being created are quality, competitive jobs requiring solid educational backgrounds and significant experience. We have also begun to hire interns, giving students and new professionals unprecedented learning opportunities. We are bringing together individuals with the skills, talent and expertise needed to move a project of this calibre forward.

I have had the tremendous honour of meeting many of our partners and funders, without whom this project would not have been made possible. On behalf of the entire Museum team, I would like to extend our deepest gratitude to the Friends of the Canadian Museum for Human Rights, private donors, the Governments of Canada, Manitoba and Winnipeg and ultimately all Canadians for their financial support of the Museum project. I would also like to recognize the First Nations and Métis people, particularly those in Treaty #1 Territory, on whose land the Museum is being built. We thank you for your continued support and guidance. We are mindful of the tremendous responsibility we have to manage all of these resources wisely and look forward to continued collaboration.

I would like to thank the CMHR's Board for their ongoing support and trusted advice. I am also very fortunate to work with a very skilled and dedicated Executive Team. Your commitment and exemplary leadership has played a major role in the success of the Museum. And, to the employees of the CMHR, I thank you for the solid reputation you are establishing both inside and outside of the Museum. Your professionalism and pride are instrumental in the Museum's successes, and I look forward to working with all of you to address the challenges facing the Corporation; to leverage every opportunity; and to add to the long list of accomplishments detailed in the pages of this Annual Report.

The Canadian Museum for Human Rights is now a reality. I invite all Canadians and the world to be a part of this unique project. Whether it is through your stories, your suggestions, or your support, you can help build a beacon for human rights in Winnipeg, Manitoba, for Canada and the world.



Stuart A. Murray

BOARD OF TRUSTEES

PRESIDENT-CEO
Stuart A. Murray

CORPORATE SECRETARY
Louise Pujo

CHIEF OPERATING OFFICER (COO)
Patrick O'Reilly

CHIEF KNOWLEDGE OFFICER (CKO)
Dr. Victoria Dickenson

CHIEF FINANCIAL OFFICER (CFO)
Susanne Robertson, C.A.

The CMHR is a Crown corporation established by the *Museums Act* and operates at arm's length from the Government in its day-to-day operations, activities and programming. As a Crown corporation and as a member of the Canadian Heritage Portfolio, we contribute to the achievement of the Federal Government's broad policy objectives.

The Museum is governed by the control and accountability regime established under Part X of the *Financial Administration Act*. We are required to comply with a range of provisions in other statutes, including: the *Federal Accountability Act*; the *Access to Information Act*; the *Privacy Act*; the *Criminal Code of Canada*; the *Official Languages Act and Regulations*; and the *Canada Labour Code*.

Under the *Museums Act*, the CMHR is governed by a Board of Trustees appointed by the Governor-in-Council. The legislation provides for a Board of up to eleven members. The ten current members on the Board of Trustees represent the following areas: Atlantic Canada, Québec, Ontario, Manitoba, Alberta and British Columbia. The Board of Trustees is independent from Management and provides strategic direction and oversight to the Corporation. The Board reports to Parliament through the Minister of Canadian Heritage and Official Languages. The Minister is also the link between the Museum and the Cabinet.

The roles and responsibilities of the Board of Trustees and its Committees are set out in the Museum's By-Laws and in the Terms of Reference as appropriate. An Executive Committee was established in 2008 however, recognizing that all Trustees are heavily invested in the Museum project, the Executive Committee has not met separately, functioning instead within the Board as a Committee of the Whole.

The *Museums Act* vests responsibility for the day-to-day management of the Museum in its Director as the CEO of the Corporation. Management is accountable for the day-to-day management of the Museum's performance, its long-term viability and the achievement of its objectives.

CHAIRPERSON
Arni C. Thorsteinson, C.F.A.
Winnipeg, MB

VICE-CHAIRPERSON
Eric Hughes, C.A.
Calgary, AB

CHAIR, AUDIT COMMITTEE
Lisa Pankratz, F.C.A., C.F.A.
Vancouver, BC

TRUSTEE
Gail Asper, O.C., O.M.
Winnipeg, MB

TRUSTEE
Bill Barkley, D.C.M.A.
Victoria, BC

AS A NEW ENTITY, WE HAVE MADE GREAT STRIDES IN DEVELOPING GOVERNANCE AND MANAGEMENT MECHANISMS THAT REFLECT BEST PRACTICES.

Executive Team (AS AT MARCH 2010)

left to right:

Stuart A. Murray
Susanne Robertson, C.A.
Patrick O'Reilly
Dr. Victoria Dickenson

In September 2009, the Chairperson and three members of the Board of Trustees were named to the Audit Committee whose purpose is to assist the Board of Trustees to fulfill its oversight responsibilities to the Crown under the *Financial Administration Act*. The Audit Committee oversees and holds Management accountable for the Corporation's standards of integrity and behaviour, its reporting on financial information, its internal control systems and its results.

With respect to Board Governance, competency profiles for Trustees and a Code of Conduct have been established and training in responsibilities and roles as Trustees of a Crown corporation has been provided and is ongoing. Board succession planning will need to be addressed during the next planning period.

In June 2009, two new Trustees were appointed to the Board, bringing the complement to ten individuals from across Canada. In August, the Corporate Secretary was named. Shortly after, in September 2009, the Government of Canada appointed the Museum's first Chief Executive Officer, Mr. Stuart Murray, who joined the Executive Team in November 2009.

Much still remains to be accomplished and the heavy agenda facing the Board and Executive Team will require the expeditious development and adoption of appropriate policies, procedures, structures and systems.

TRUSTEE
Ronald Corey, O.C.
Westmount, QC

TRUSTEE
The Hon. **Constance R. Glube**, O.C., O.N.S., Q.C.
Halifax, NS

TRUSTEE
Senator **Vim Kochhar**, O.Ont., O.M.C.
Toronto, ON

TRUSTEE
Yves Laberge, Ph.D.
Quebec City, QC

TRUSTEE
Dr. **Wilton Littlechild**
Hobbema, AB

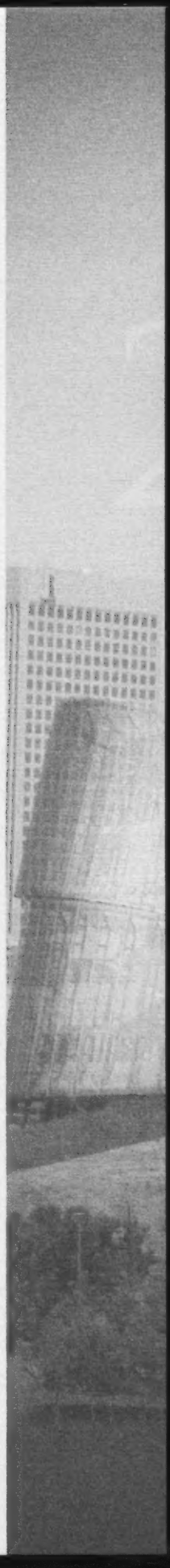
(AS AT MARCH 2010)

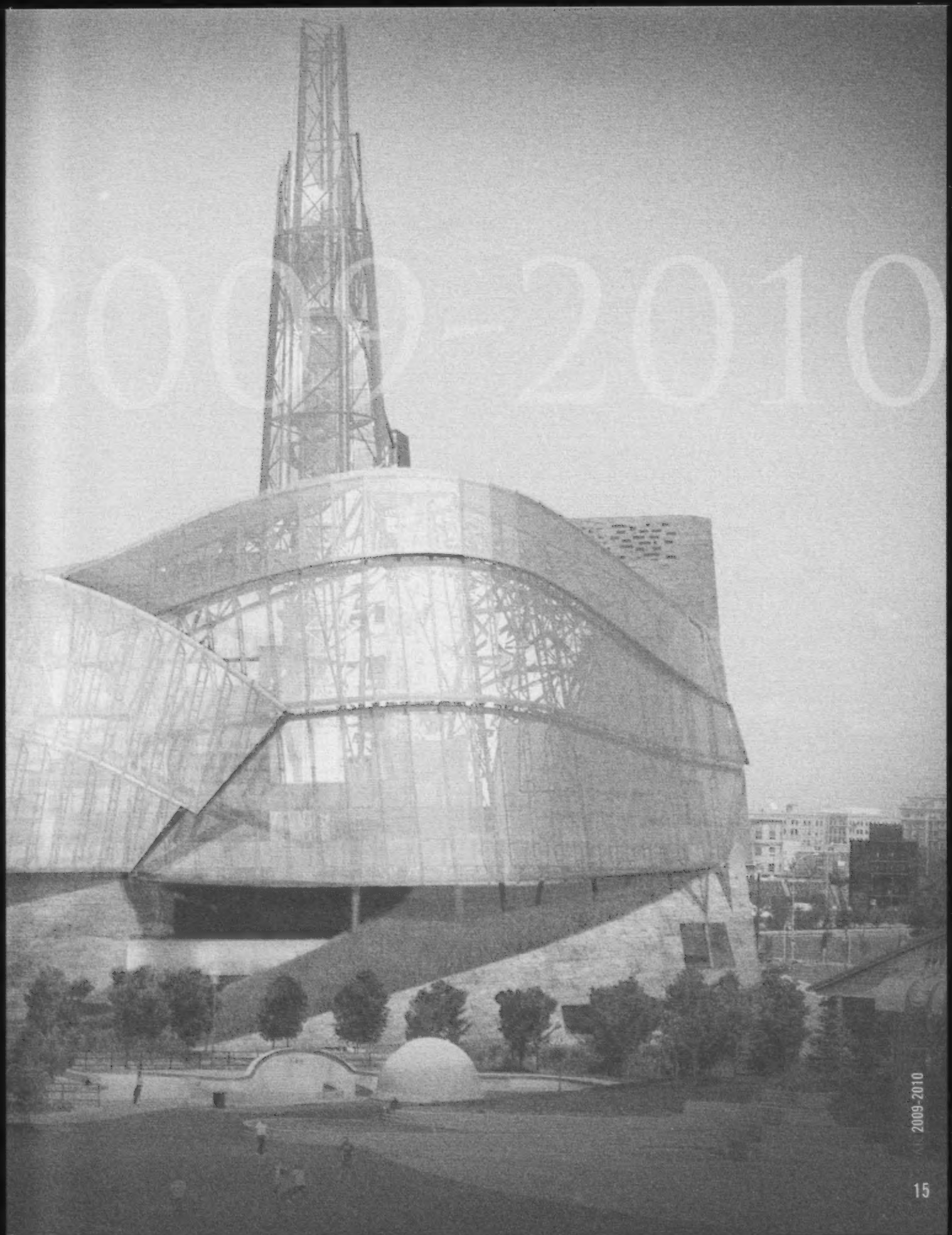
STRATEGIC direction

IN 2009-2010, the CMHR continued its focus on advancing key strategic initiatives in the following Program Activity Architecture (PAA) areas which were originally established in 2008:

1. **Museum Content and Program**
   - Sound Research and Scholarship;
   - Accessible and Engaging Exhibits;
   - Educational Programming that promotes reflection and dialogue;
   - National Outreach, Engagement and Service; and
   - Strong Marketing and Communications to ensure a high level of awareness about the CMHR and its programs and services.
2. **Accommodation**
   - Capital Construction; and
   - Building Operations.
3. **Stewardship and Corporate Management**
   - Corporate Governance;
   - Administration; and
   - Private Sector Fundraising and other Revenue Generation.

OUR GOALS AND HIGHLIGHTS OF OUR ACCOMPLISHMENTS (PERFORMANCE AGAINST OBJECTIVES AND COMMITMENTS TO THE END OF THE FISCAL YEAR) IN EACH OF THESE AREAS ARE OUTLINED IN THE FOLLOWING PAGES.




2009-2010

CMHR IS helping write

{ Scale model of the Museum }
{ "Everyone has the right..." campaign }
{ Public Engagement participant }

PROGRAM ACTIVITY ONE: MUSEUM CONTENT AND PROGRAM

OBJECTIVE

Develop the Museum's content and programming through ongoing consultation and engagement of Canadians, including, but not being limited by, the valuable work previously undertaken by the Friends of CMHR and the Minister's Advisory Committee on the CMHR.

KEY RESULTS

- Develop a framework for sound research and scholarship.
- Develop accessible and engaging exhibits and educational programming in both official languages that promotes reflection and dialogue.
- Develop an approach to national outreach, engagement and service.
- Garner a high level of awareness and public support through strong and effective marketing and communications strategies.

Highlights of the past year

DEVELOPING SOUND RESEARCH/ ENGAGING EXHIBITS

The creation of the content of the CMHR is well underway. The appointment of a Chief Knowledge Officer and the recruitment of two Directors of respectively: Research, Content and Scholarship and Exhibits and Interpretation, as well as the addition of a Head of Exhibition Research and Head of Design and New Media, four researchers and one Research Assistant have added momentum to the development of the unique content and exhibitions for our Museum.

Research required for the opening Exhibition Plan and the collection of stories that will form the basis of our programming has begun. The Museum's Board of Trustees and staff have been working with Ralph Appelbaum Associates, the world's foremost museum exhibit designers, to develop and refine an exhibit plan and ensure that all the necessary elements are included to create a unique and life-changing experience through a National cultural institution.

The focus of the CMHR will be on participation and engagement with issues past, present and future. The content will be ever-changing and dynamic, woven together with common themes and threads.

ENGAGING THROUGH NATIONAL OUTREACH

CONTENT ADVISORY COMMITTEE (CAC)

In January 2009, the Museum's first Content Advisory Committee, which is made up of human rights experts and leaders from across Canada and chaired by Yude Henteleff, was formed to support the Museum in the gathering of human rights stories. In addition to providing on-going expert advice, the CAC was a key part of the Museum's first large scale public engagement exercise which took place between May 2009 and February 2010.

PUBLIC ENGAGEMENT

In February 2010, we completed a cross-country Public Engagement tour as part of the content development. We worked on this project with Toronto-based LORD Cultural Resources, the world's largest cultural professional practice, to undertake this unprecedented initiative. They assisted in the consultations, the collection and the digital and print documentation of the stories to be reflected in the Museum's exhibitions, deep database and programming. The purpose of this tour was to listen to Canadians from every province and territory and learn about their stories, ideas and perspectives on human rights issues. We visited 20 different cities over the course of 10 months, at least one in each province and territory, and met with

the story.

almost 2,000 Canadians across the country on this unprecedented journey. We heard from people on all parts of ideological spectrums. Our team was struck by the openness, generosity and frankness of the people who shared their stories with us. We hope we can continue to facilitate these types of conversations in the Museum. Some of the themes that emerged from our Public Engagement tour include but are not limited to: language, migration, immigration, gender, race, religion, labour, sexual orientation, disability, health, economy, food, water, children, education, environment, poverty, age, and Aboriginal rights and responsibilities.

A second component of Public Engagement process was also implemented through stakeholder discussions on issues such as the Holocaust, Aboriginal experiences, Lesbian Gay Bisexual and Transgendered (LGBT) experiences and others.

We also set up a web-based "Share Your Story" campaign where people from all walks of life are invited to contribute their story. Not only for those who were unable to participate in our Public Engagement sessions, but also for those who have stories that can be hard to share in a face to face meeting or at a roundtable with strangers.

GARNERING AWARENESS AND PUBLIC SUPPORT

2010 OLYMPIC AND PARALYMPIC GAMES IN VANCOUVER

We gained significant exposure before an international audience at the 2010 Olympic and Paralympic Games in Vancouver, receiving over 120,000 people over 3 weeks within CentrePlace Manitoba.

[His Royal Highness, the Earl of Wessex, visits the CMHR at CentrePlace Manitoba]

Visitors were able to familiarize themselves with the CMHR through a touch screen display featuring stories we heard from our Public Engagement sessions. They also had a chance to see Antoine Predock's inspiring design through a scale model of the Museum. We also encouraged people to "fill in the blank" on a protest sign that reads "Everyone has the right..." to provide people with the opportunity to express themselves. Many celebrities visited us and supported this campaign, including Canadian Olympic gold medalist Mark Tewksbury, 2010 Olympic medal designer Corrine Hunt, renowned singer Buffy Sainte-Marie, and "Free the Children" founder Craig Kielburger.

ROYAL VISIT

It was an honour to receive His Royal Highness, the Earl of Wessex, in Vancouver at CentrePlace Manitoba to discuss the CMHR. His interaction with the arts, theatre, and youth through the Duke of Edinburgh Awards is inspirational and mirrors some of the work we will do within the Museum. Representatives from the CMHR and the Friends of CMHR spoke at the event which incorporated live performances to tell two human rights stories.

ONLINE PRESENCE & SOCIAL MEDIA

To grow and serve the Museum and our audience, we developed a Web Presence Strategy. A transitional website was created and launched. E-commerce, careers and corporate report sections were included to facilitate business practices and proactive disclosure. A content management system was also implemented to allow easy web updating. In addition, the virtual exhibit on Universal Declaration of Human Rights (UDHR) and John Peters Humphrey – Canadian Legal scholar, jurist and principle author of the UDHR – was redeveloped to meet universal accessibility guidelines.

BRAND STRATEGY

The development of a comprehensive brand strategy was undertaken in 2009-2010. Sid Lee, a Montreal-based marketing, design, communication and publicity agency in partnership with CROP Research, was chosen as the successful partnership to deliver: a comprehensive market research plan with integrated feedback from Museum stakeholders and approximately 4,000 participants from across Canada and the United States; a brand strategy and architecture; a brand identity and a go-to market strategy. The brand strategy and new brand identity will be integrated into the Corporation's operations in 2010-2011.

Moving forward

Research, story gathering, public engagement, content development, exhibit development, program planning and IT development will continue to ramp up over the next two years as will the development of a robust web presence that will provide access to the Museum globally. National and international research networks, with both universities and human rights organizations, will be developed to facilitate continuous learning and to provide expert input; a Youth Advisory Board will be established to provide advice and feedback on exhibits and programs; a new Brand Strategy will be launched in the coming year; and findings from the Content Advisory Committee Report on the initial Public Engagement process will inform the plan for our inaugural exhibits.

CMHR IS building a strong

[Museum construction]
[Antoine Predock]
[Museum construction]

PROGRAM ACTIVITY TWO: ACCOMMODATION

OBJECTIVE

Manage all aspects of the Building Construction Project in a sound, transparent and accountable manner, on time and within budget, employing effective project and risk-management practices throughout.

KEY RESULTS

- Ensure decisions related to the building's design lead to the construction of an iconic facility that is appropriate to meet the Museum's mandate and objectives and will endure as a treasured landmark for generations.
- Ensure the building construction project is governed by an effective project management regime, including a robust strategy to manage risks related to the project.
- Engage Aboriginal communities, in particular Treaty #1 Territory (Winnipeg, Manitoba) at appropriate times throughout the design and construction processes.
- Ensure decisions related to the building (both capital and operational) are sound, based on appropriate analysis and study, stand up to public scrutiny and provide for effective, long-term operational sustainability.

Highlights of the past year

BUILDING A STRONG FOUNDATION

ICONIC FACILITY

Construction of the Museum commenced on April 22, 2009 at The Forks, a breathtaking, national site located at the junction of the Red and Assiniboine Rivers in Winnipeg, Manitoba. The facility promises to be a world-class treasured landmark, an iconic structure worthy of its content, designed to inspire generations of Canadians and international visitors.

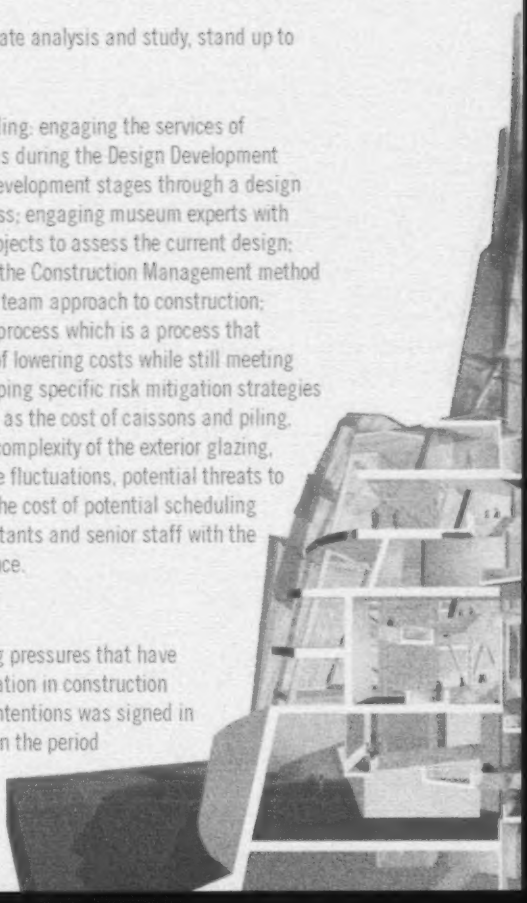
With its innovative design and ambitious schedule for completion, the building has been a key component of work for our Board and Executive Team, which have been heavily involved in managing all stages of the capital construction project. The Board has been overseeing all aspects of the building project, including establishing the time-frames for construction and managing risks throughout.

EFFECTIVE PROJECT MANAGEMENT REGIME

The Board and Executive Team continue to put in place appropriate mechanisms to continually monitor and manage risks associated with the project. A detailed risk management strategy has been developed and numerous pre-construction strategies have or are being implemented, including: engaging the services of qualified trade contractor firms during the Design Development and Construction Document development stages through a design assist trade contractors process; engaging museum experts with experience in major capital projects to assess the current design; delivering the project through the Construction Management method which is based on a collective team approach to construction; adopting a value engineering process which is a process that identifies and develops ways of lowering costs while still meeting program requirements; developing specific risk mitigation strategies to address such key risk areas as the cost of caissons and piling, structural steel, the cost and complexity of the exterior glazing, the impact of foreign exchange fluctuations, potential threats to labour force availability, and the cost of potential scheduling changes; and retaining consultants and senior staff with the right mix of skills and experience.

CAPITAL COSTS

Addressing the capital funding pressures that have resulted largely from an escalation in construction costs since the Statement of Intentions was signed in April 2007 remains a priority. In the period following the Government's



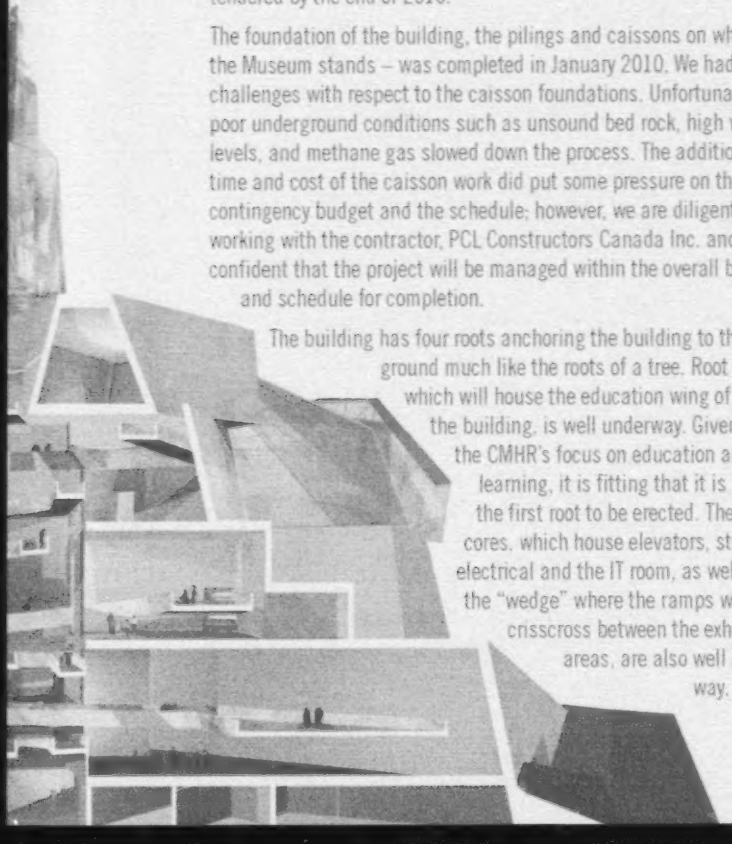
foundation.

decision to make the CMHR a National Museum, the cost to build the Predock design – with no additions to the original design, other than those required to qualify for a LEED Silver designation and to reduce long-term operating costs – rose from $265 million to approximately $323 million. The Board of Trustees, after much deliberation, cut $12.4 million in design proposals – reducing the costs as much as possible while maintaining the integrity of the design – and announced in May 2009 that the total budget for the project would be $310 million. The Museum is confident in the ability of the Friends of CMHR to raise the additional $45 million necessary to complete the building project from sources nationally and internationally. As of July 2009, the Friends of CMHR has raised their original commitment under the Definitive Agreement of $105 million and are now working on the additional goal of $45 million. The Board and the Friends of CMHR continue to work in close collaboration to secure the remaining funds required to complete the project.

CONSTRUCTION

Significant progress has been made over the past fiscal year with respect to the construction of the Museum. Two contract Construction Consultants are working with the construction design team, providing expert advice. 78% of the building construction has been competitively tendered to date and the balance will be tendered by the end of 2010.

The foundation of the building, the pilings and caissons on which the Museum stands – was completed in January 2010. We had some challenges with respect to the caisson foundations. Unfortunately, poor underground conditions such as unsound bed rock, high water levels, and methane gas slowed down the process. The additional time and cost of the caisson work did put some pressure on the contingency budget and the schedule; however, we are diligently working with the contractor, PCL Constructors Canada Inc. and are confident that the project will be managed within the overall budget and schedule for completion.



The building has four roots anchoring the building to the ground much like the roots of a tree. Root A, which will house the education wing of the building, is well underway. Given the CMHR's focus on education and learning, it is fitting that it is the first root to be erected. The cores, which house elevators, stairs, electrical and the IT room, as well as the "wedge" where the ramps will crisscross between the exhibit areas, are also well under way.

ENGAGEMENT WITH THE ABORIGINAL COMMUNITY

We recognize the importance of the land on which the Museum is being built to First Nations and Métis communities and the importance of ensuring participation of First Nations, Métis and Inuit peoples in the activities of the Museum. Engagement with and support from these communities as the construction of the Museum progresses is critical to our success. For this reason, we have developed mechanisms for ongoing consultation and information sharing. We also continue to engage with all the key stakeholders at The Forks – the Construction Neighbours Committee, which was established last fiscal year.

In addition, a full archaeological mitigation plan was jointly developed by the Historical Resources Branch and Parks Canada and implemented by a qualified archaeologist. The Museum along with our contractors met with Aboriginal Elders prior to the beginning of the first archeological dig in the Spring of 2008 and again in the Winter of 2009 before the start of the construction. Throughout all of the construction activities that required digging through cultural layers, including the piles and caissons, all necessary steps and procedures to recover and preserve the heritage resources were taken. On the advice of the committee of Elders and Traditional Healers who have the respect and support of the Aboriginal Council of Winnipeg, a medicine bag was deposited into each hole dug for pilings and caissons this past summer and fall to show respect for Mother Earth and honour this special site. In the Spring of 2010, Elders in Winnipeg will hold a ceremony to honour some of the recovered artifacts. Our work with Aboriginal communities is ongoing and we are working to ensure their continued involvement throughout the construction and operation of the CMHR. We look forward to sharing untold stories about the site based on specialized analysis of selected artifacts found during the excavations.

TEMPORARY OFFICE SPACE

We are currently leasing office space in the Federal Government's Victory Building at 269 Main Street in Winnipeg. Temporary office space will house our staff during the construction and is being set-up to accommodate our growing staff complement.

Moving forward

2010-2011 will see a dramatic change in the appearance of the CMHR building and the Forks site as we work towards the opening of the Museum. The building will begin to come to life as it climbs out of the ground. The three remaining roots will be completed. Structural steel and Tyndall stone will start to be integrated by the end of Summer 2010, and the glass that makes up the "cloud" structure will start to be visible by Spring 2011, providing people with a better sense of the size and scale of the Museum. Commissioning documentation to prepare for LEED certification and developing best practices for Facilities Management will be a focus in 2010-2011. In addition, the Museum will continue to work with Public Works and Government Services Canada (PWGSC) to negotiate payment in lieu of taxes (PILT). By the time the facility opens, we will also have established the appropriate mechanisms to provide for effective, efficient operations and maintenance of the building and its ongoing security, accessibility and sustainability.

CMHR IS doing the

{ CMHR employee }

PROGRAM ACTIVITY THREE: STEWARDSHIP AND CORPORATE MANAGEMENT

OBJECTIVE

Adopt sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability to Canadians for results; and recruit and retain the necessary human resources both for the transition and the longer-term.

KEY RESULTS

- Meet or exceed recognized standards for Corporate Governance and ensure policies, procedures and systems that are conducive to sound management and accountability are in place.
- Attract and recruit the talent and expertise necessary both for the transition and the longer-term; provide a workplace that is fair, enabling, healthy and safe, as well as a workforce that is productive, principled, sustainable, adaptive and representative of both official languages and the diversity inherent in Canadian society.
- Establish the capacity to generate ongoing private sector funds; upon its opening, the Museum will be in a position to generate revenues.

Highlights of the past year

DEVELOPING SOUND MANAGEMENT AND ACCOUNTABILITY

We are adopting best practices in corporate governance and administration to provide for sound and rigorous stewardship of our resources. Appropriate structures, processes, policies, practices and tools – particularly in the areas of financial, human resources and information management have been established and continue to be refined. They include the development of the budget process; the continued establishment of financial and accounting systems, procedures and structures; the adoption of an organizational structure and the development of a Human Resources Management Framework; the development of a Compensation Framework; the establishment of a classification and pay structure; the creation of policies around employment practices, leave of absence, paid time off, conflicts of interest and standards of conduct; the implementation of an online system for recruitment and a Performance Management System. These and others will allow us to excel in the delivery of our mandate; achieve results effectively and efficiently; be accountable to Canadians for results; and comply with applicable legislation and Government policy.

HIRING STAFF

The majority of the senior positions in the Corporation have been filled and an appropriate organizational structure and classification regime to facilitate the staffing of the Museum has been established.

Recruitment of diverse talent to permit the Museum to attain its goals and to function in both official languages remains a priority. An estimated 160 full and part-time jobs will be created at the Museum. As of March 2010, the Corporation has filled all Executive Team and Director Level positions with the exception of the Director, Learning and Programming and has 34 full-time employees, of those

right thing.

17 or 50% are bilingual. We expect to hire another 35-40 by the end of 2010-2011. To ensure that French language services are available and accessible to everyone, we launched Basic and Conversational French training for staff. Eight employees are taking Basic classes and another 10 are taking the conversational French classes.

GENERATING REVENUE

The Government expects that its national museums will build the capacity to raise private sector funds and generate revenues, and these objectives will be pursued with vigour by the Museum. The Friends of CMHR continue to play an important role in raising funds to meet the capital shortfall. Management will establish a framework for the on-going fundraising function of the Museum and the associated costs. We are also committed to optimizing our revenue-generation capacity once the Museum is open to the public.

Moving forward

Our plans for the coming year in the area of Stewardship and Corporate Management include the completion of Corporate policies related to Communications, Records and Information Management, Facilities Planning and Integrated Risk Management, as well as the development of a Board Self-Assessment mechanism, and a plan for generating earned revenue. Strengthening our relationships with government and other stakeholders; establishing partnerships with federal Crown corporations and agencies; developing and implementing an issues management process; refining our Mission, Vision and Values statements; developing mechanisms to ensure values are reflected in day-to-day decision-making; and implementing our first organizational employee engagement survey are our areas of focus for 2010-2011.

[A group of CMHR employees at construction site]

MANAGEMENT'S Discussion and

THE CANADIAN MUSEUM FOR HUMAN RIGHTS WAS ESTABLISHED AS A CORPORATION ON AUGUST 10, 2008. THE FIRST TRUSTEES WERE APPOINTED ON AUGUST 26 OF THAT YEAR AND PLANNING PROGRESSED IN THE REMAINING EIGHT MONTHS OF THE 2008-2009 FISCAL YEAR.

In 2009-2010, **its first full year of operations**, the Corporation continued its activities at an expedited pace. **Construction commenced on the iconic building** that will house the Museum; the **exhibition plan was further developed** in collaboration with **Ralph Appelbaum Associates**, the exhibit designer; **research began to provide the necessary content** for the physical and online exhibits; **recruiting continued**, larger temporary office space was **fitted up and occupied**; a cross-Canada **Public Engagement Strategy** was substantially completed; the initial **Corporate Brand Strategy** was implemented; **awareness and public support** were garnered through a significant presence at the **2010 Olympic and Paralympic Games** and our **web presence** was further developed.

The Museum's primary objective is to achieve the mandate established for it by Parliament in the most effective way possible.

Analysis

The environment in which the Museum operates will have a direct impact on its success. Both internal and external factors will affect the Museum's ability to construct its facility within budget, to attract visitors to the Museum once it has opened its doors, to recruit and retain a skilled and professional workforce, and to fund its ongoing operations. The Museum's five-year Corporate Plan is designed to guide its continuing success in light of the following environmental factors:

Strengths and Opportunities

- Government support at all levels;
- Public support;
- Fundraising by the Friends of CMHR;
- Significant external input;
- Central location at The Forks in Winnipeg, a historic meeting place and the city's premier tourist attraction;
- A well-advanced design process; and
- The opportunity to "get it right" with a new model of engagement.

Risks and Challenges

- Economic uncertainty;
- Complicated capital construction for which a detailed Risk Management Strategy has been developed;
- Some financial uncertainty related to on-going operations (e.g., obligations under the *Federal Payments in Lieu of Taxes Act*, inflation and revenue generation);
- Controversial subject matter;
- Museum detractors concerned with cost and subject matter;
- High expectations from Museum supporters; and
- The governance and operational challenges of a start-up organization.

OPERATING BUDGET: OVERVIEW

In establishing the Museum as a national cultural institution, the Government of Canada agreed to provide operating funds of up to $21.7 million per year. The CMHR is the first national cultural institution to be created in a generation and based on the information and analysis available at the time, the Government of Canada approved an initial operating budget of $6.5 million for the first two years of operations.

As work began on the detailed operating budget, the Museum identified in its first Corporate Plan that the actual start-up costs for the first two years would be higher than the original government estimates. The operating budget for the first two years of operations was estimated at $6.5 million. The actual cash outlay for 2008-2009 was $3.1 million, or $1.9 million less than the $5.0 million that had been approved for the first year and the Government agreed to allow the Museum to carry forward the $1.9 million from 2008-2009 to 2009-2010 which, combined with the $1.5 million previously allowed for 2009-2010, provided initial funding of $3.4 million for 2009-2010. However, the necessary operating budget for 2009-2010 was $8.6 million. The Museum sought, and obtained approval to re-profile $5.2 million from 2010-2011 to 2009-2010 providing the $8.6 million to cover operations in 2009-2010. The additional funding was required to:

- Continue to recruit and hire staff;
- Provide the office space, information technology and other equipment required to support the staff;
- Consult with Canadians through an extensive cross-Canada Public Engagement process;
- Begin to research and develop the content for the exhibitions;
- Work with the exhibit designer to further develop the exhibition plan for the inaugural exhibits;
- Develop the Corporate Brand Strategy for the Museum;
- Promote the Museum through a significant presence at the 2010 Vancouver Winter Olympic and Paralympic Games; and
- Become a fully operational Crown corporation with the necessary accountability mechanisms.

OPERATING BUDGET: YEAR-END RESULTS

Operations for 2009-2010 were on target within the budget of $8.6 million. Operating expenses for the year ended March 31, 2010 were $8.0 million and there was an additional $0.6 million of expenses deferred to the balance sheet based on the Museum's capitalization policy.

The variances to the approved budget offset each other. They were:

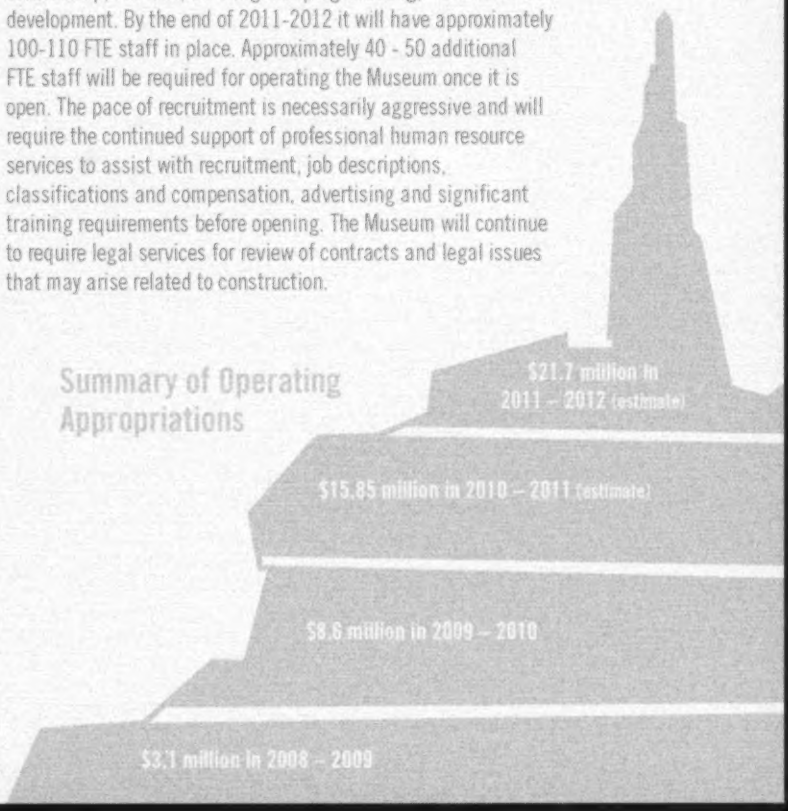
- Staff salaries and benefits were lower than budgeted due to planned positions being filled later than anticipated.
- Costs incurred for Exhibit Development were higher than anticipated. Exhibit Development includes the budget for the Public Engagement process to consult with Canadians through an extensive cross-Canada series of round table discussions and interviews which became better defined as the year progressed. Additional stops in the cross-country tour and high quality audio and video tapes to capture the stories and the input from Canadians contributed to costs exceeding budget. Finally, additional funds were spent on the Museum's website to further develop the accessibility of the site.
- Marketing and Communications expenses were higher than expected, primarily due to initiating the Corporate Brand Strategy exercise, the Museum's presence at the 2010 Winter Olympics and Paralympics and launching an e-commerce project for Museum merchandise.

OPERATING BUDGET: OUTLOOK

For the fiscal year 2010-2011, the Museum is limited to $21.7 million less the $5.2 million reprofiled to 2009-2010, leaving a maximum of $16.5 million for 2010-2011. The Museum forecasts a need for $15.85 million.

The CMHR is not a traditional artifact-based museum. Its "collections" will be stories which will be told using video, computer generated and interactive exhibits. Because the Museum is not starting with an existing collection nor an existing infrastructure, everything – the building, exhibitions and even the Corporation itself – is being started "from scratch". A significant amount of work is required in the years before opening. Many activities, such as further consultations with Canadians, researching and recording stories, developing and implementing content and programming and developing the IT and web infrastructure will require contracted expert services to support and supplement the work of the staff.

The Museum plans to add between 35 and 40 full-time equivalent (FTE) staff per year, initially focused in the areas of research and scholarship, exhibits, learning and programming, and IT and web development. By the end of 2011-2012 it will have approximately 100-110 FTE staff in place. Approximately 40 - 50 additional FTE staff will be required for operating the Museum once it is open. The pace of recruitment is necessarily aggressive and will require the continued support of professional human resource services to assist with recruitment, job descriptions, classifications and compensation, advertising and significant training requirements before opening. The Museum will continue to require legal services for review of contracts and legal issues that may arise related to construction.


Summary of Operating Appropriations
$21.7 million in 2011 – 2012 (estimate)
$15.85 million in 2010 – 2011 (estimate)
$8.6 million in 2009 – 2010
$3.1 million in 2008 – 2009

Professional services will also be required to assist staff to create, install, test and program all the various aspects of what will be a very integrated and state of the art corporate information system, web presence and computer generated and interactive exhibits (both online and in-house). This work will be highly creative, highly technical and particularly time-sensitive.

In 2011-2012, the Corporation will require $21.7 million to fund its operations. In 2010-2011, detailed budgets for the years subsequent to 2011-2012 will be developed. Once open, the Corporation will require more than the $21.7 million funded by the Government of Canada, but will generate revenue through fundraising and other activities.

There are tremendous challenges inherent in starting up a new national cultural institution. The most recently-established was the National Arts Center, created over forty years ago, with an entirely different focus and mandate from CMHR, therefore there is little precedent and few guidelines for establishing this new institution. The CMHR is also unique in that it is the first to be built outside the National Capital Region, and it was originally conceived of as a private museum, with different operating requirements. As such, evaluations and estimates of operating needs are ongoing. As the work continues on developing the infrastructure, exhibition content, archives, library and web presence for this new Crown corporation, the Museum is able to bring greater precision to the estimates.

There are two categories of operating costs that could have a negative impact on the long-term operations of the new Museum. The operating budget estimated for a private museum did not take into account the requirement of Government of Canada museums to make Payments–in-lieu-of-Taxes (PILT). Future Museum operating budgets will need to address this significant factor.

The original operating cost estimates did not address inflation in operating and maintenance costs which will, as in any operation, increase over time. The Museum will be approaching the Government of Canada to address future funding pressures related to inflation in operating costs. The Museum expects to be in a position to offset some of its operating costs through fundraising and other revenue-generation and future operating budgets will reflect revenue generation.

THE CONSTRUCTION PROJECT: OVERVIEW

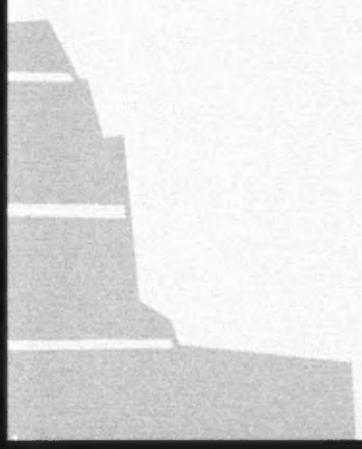
The purpose of the construction project is to create a world-class, distinctive, architecturally exceptional museum - the only national museum in the world solely dedicated to human rights. It is being constructed at The Forks, a National Historic Site, at the confluence of the Red and Assiniboine Rivers.

The Board of Trustees is fully accountable for overseeing all aspects of the building project, including establishing the time-frames for construction and managing risks throughout. It has ultimate responsibility for the approval of budgets, building design and completion of the project within budget. Recognizing the importance of clearly establishing the Board of Trustees' overall management and oversight of the construction project, issues related to the building project have not been delegated to a sub-committee but rather are dealt with by the Board as a whole.

THE CONSTRUCTION PROJECT: BUDGET

The construction project marks the first time a national museum has been built in Canada with financial contributions from a province, a city and significant contributions from the private sector.

Contributions from the Province of Manitoba ($40 million) and the City of Winnipeg ($16 million) have been received, as well as the first 2 private sector installments from the Friends of CMHR ($45.03 million). These amounts, plus the related investment income, are recorded as other comprehensive income until the funds are utilized to purchase Assets under Construction and then they are transferred to deferred funding related to property and equipment.



In addition, land was donated by the City of Winnipeg and The Forks Renewal Corporation with an estimated market value of $4.93 million based on an independent valuation. The value is recorded in Other comprehensive income.

The Government of Canada provided $30 million in funding for the project through Western Economic Diversification. The first $3 million was provided to the Friends of CMHR for a feasibility study and other start up costs. The balance of $27 million is for capital costs and has been transferred to the Museum.

The remaining $70 million in federal funds are allocated over three years – $20 million was received in 2009-2010, and $40 million and $10 million are budgeted to be received in 2010-2011 and 2011-2012 respectively.

By the end of 2009-2010, the Museum had spent $71.6 million in capital costs for the building and exhibit design and construction.

A key challenge facing the Museum is the increased capital funding required that has resulted from construction inflation in Manitoba since the project was conceived in 2006 as a $265 million project, and because the building was environmentally re-designed to meet LEED Silver environmental certification requirements. The Museum completed an extensive value engineering exercise to confirm the ultimate $310 million project budget. It rejected the options of a major re-design or launching a second design competition to build a less expensive building, as the Corporation would have incurred costs for preparatory work and added delay to prepare cost estimates that could cost as much or more than the original design, with less architectural impact. Costs incurred from development of the first design would also be lost. A reduction in the scope of the building, a change in design or a significant multi-year delay in the opening date could also impair fundraising.

The Board determined that the risks from construction delay and incurred costs were greater than the financial risks of proceeding with the existing design. At the 2009-2010 year end, 78% of the costs were tendered and confirmed and 100% of the costs are expected to be tendered in 2010. Work is also underway on the budget for the exhibition "fit-up", fabrication and installation. The total project costs and the budget available will be reviewed before additional commitments are made. The Museum developed a financial risk mitigation strategy, including asking the Friends of the Museum to continue fundraising efforts.

CONSTRUCTION PROJECT: RISK MANAGEMENT

A complex and large scale capital project has a wide range of risks that need to be carefully managed, including the risk of delay and cost overruns. The Museum has identified the potential risks facing the project, along with strategies to deal with them, including plans to address the capital requirements and for risks related to the project schedule; inflation and complexity of the building, among others. The CMHR project is being delivered using a collective team approach to construction. This methodology joins the owner (CMHR), the project manager, executive and design architects, consultants and construction manager in a cohesive Project Team, meeting regularly to review the budget and schedule and to resolve issues related to construction. The team is focused on a common goal – delivering the project in the most efficient manner, on time, and within budget.

The architectural design for the Museum building is extremely complex. The use of a team approach to construction reduces the likelihood of costly changes in design or additions or deletions to the work as the construction project proceeds. A design assist procurement process is being used that, unlike traditionally bid projects, involves subcontractors during the design development and construction document stages of the project to provide valuable input into the design, planning, scheduling, budgeting (including the identification of cost-saving measures) and tendering – a focused team effort towards delivery of the project. This approach is currently being used with structural, mechanical and electrical trades and with the exterior glazed façade supplier.

The construction schedule also requires precise attention to deadlines – any significant delays in the key milestones will delay the completion date. Constant and regular review of the plans and schedules for the project are carried out by the project team in order to mitigate any design and cost issues that occur during the construction period.

The cost of steel and other materials, the cost and complexity of the exterior glazing and the impact of foreign exchange fluctuations could also have a significant impact on the cost of the building.

In all cases, the Museum has developed a risk management strategy, and the CMHR Board of Trustees and Executive Team have initiated steps to:

- Identify all necessary actions to reduce or eliminate the impact of risks;
- Continue to monitor and track all identified risks;
- Develop contingency plans to deal with significant risks;
- Document and communicate the project risks to the project team, stakeholders and decision makers; and
- Fix foreign currency exchange risks in Canadian dollars.

MANAGEMENT RESPONSIBILITY
for Financial Statements

Management has prepared the financial statements contained in this annual report in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are Management's responsibility. The financial statements include some amounts that are necessarily based on management's estimates and judgment. Financial information presented throughout the annual report is consistent with the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of the financial information; that assets are safeguarded and controlled; and that transactions are in accordance with the *Financial Administration Act* and regulations as well as the *Museums Act* and the by-laws of the Corporation.

The Board of Trustees is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee. Four Trustees of the Corporation comprise the Audit Committee.

The Audit Committee meets with Management and the independent external auditor to review the manner in which the responsibilities for financial statements are being performed and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and upon their recommendation, the Board of Trustees has approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, examines the financial statements and reports to the Minister of Canadian Heritage and Official Languages, who is accountable to Parliament for the Canadian Museum for Human Rights.

Stuart Murray
President and CEO

Susanne Robertson, C.A.
Chief Financial Officer

May 14, 2010

AUDITOR'S report

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Canadian Heritage and Official Languages

I have audited the balance sheet of the Canadian Museum for Human Rights as at March 31, 2010 and the statements of changes in shareholder's equity, operations and comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Museums Act* and the by-laws of the Corporation.

John Rossetti, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 14, 2010

BALANCE SHEET

As at March 31,	2010	2009
Assets		
Current assets:		
Cash	$ 736,529	$ 819,525
Accounts receivable *(note 5)*	521,669	77,556,827
Prepaid expenses and other assets	144,567	116,109
Current portion of holdback account *(note 7)*	1,155,360	–
	2,558,124	78,492,461
Restricted cash, cash equivalents, and investments *(note 6)*	87,979,130	17,717,579
Holdback account *(note 7)*	1,948,689	–
Property and equipment *(note 8)*	5,511,616	241,135
Assets under construction *(note 9)*	71,557,798	16,447,963
Total Assets	**$ 169,555,358**	**$ 112,899,138**
Liabilities and Shareholder's equity		
Current liabilities:		
Accounts payable and accrued liabilities *(note 10)*	$ 5,570,823	$ 2,911,404
Current portion of holdback account *(note 7)*	1,155,360	–
	6,726,183	2,911,404
Deferred funding related to property and equipment *(note 12)*	86,672,705	32,343,347
Holdback payable *(note 7)*	1,948,689	–
Deferred parliamentary appropriations	532,286	241,135
	89,153,681	32,584,482
Shareholder's equity		
Retained earnings	105,381	82,177
Accumulated other comprehensive income	73,570,113	77,321,075
	73,675,494	77,403,252
Total liabilities and Shareholder's equity	**$ 169,555,358**	**$ 112,899,138**

Commitments and Contingencies *(notes 17 and 18)*

The accompanying notes and schedule form an integral part of the financial statements.

Approved by the Board of Trustees:

Arni C. Thorsteinson
Chairperson

Lisa Pankratz
Chair, Audit Committee

May 14, 2010

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the year ended March 31,	Year ended 2010	Eight months ended 2009
Retained earnings, beginning of year	$ 82,177	$ –
Net results of operations	23,204	82,177
Retained earnings, end of year	105,381	82,177
Accumulated other comprehensive income, beginning of year	77,321,075	–
Other comprehensive (loss) income	(3,750,962)	77,321,075
Accumulated comprehensive income, end of year	73,570,113	77,321,075
Shareholder's equity, end of year	**$73,675,494**	**$77,403,252**

The accompanying notes and schedule form an integral part of the financial statements.

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the year ended March 31,	Year ended 2010	Eight months ended 2009
Expenses *(schedule 1)*:		
Museum Content and Program	$ 3,178,032	$ 584,010
Accommodation	900,642	505,729
Stewardship and Corporate Management	3,959,576	1,727,718
Total Expenses	$ 8,038,250	$ 2,817,457
Net result of operations before government funding	(8,038,250)	(2,817,457)
Government funding:		
Parliamentary appropriations *(note 13)*	8,040,364	2,858,865
Other government assistance	–	40,769
Other income	21,090	–
Net result of operations	$ 23,204	$ 82,177
Other comprehensive (loss) income:		
Restricted contributions from non-owners	29,850,050	78,534,315
Restricted contributions moved to deferred funding related to property and equipment	(34,031,794)	(1,172,471)
Earnings on restricted balances	381,453	–
Government assistance recognized	49,330	(40,769)
Other comprehensive (loss) income	(3,750,962)	77,321,075
Comprehensive (loss) income	**$ (3,727,758)**	**$77,403,252**

The accompanying notes and schedule form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31,	Year ended 2010	Eight months ended 2009
Operating activities:		
Cash receipts (parliamentary appropriations)	$ 7,785,914	$ 2,700,210
Cash receipts (other income)	21,090	–
Cash paid (employees and suppliers)	(7,890,058)	(2,272,931)
	(83,054)	427,279
Investing activities:		
Investment in building project	(52,310,799)	(6,349,412)
Acquisition of property and equipment	(567,444)	(7,544)
Increase in restricted cash, cash equivalents and investments	(70,173,970)	(17,650,380)
	(123,052,213)	(24,007,336)
Financing activities:		
Parliamentary appropriation for the acquisition of property and equipment	594,931	399,790
Other Government of Canada funding for the building project and related investment income	20,277,575	23,999,792
Non-owner funding for the building project and related investment income	102,179,765	–
	123,052,271	24,399,582
(Decrease)/increase in cash	(82,996)	819,525
Opening cash, beginning of year	819,525	–
Cash, end of year	**$ 736,529**	**$ 819,525**

The accompanying notes and schedule form an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended March 31, 2010

1. Authority, mandate and operations

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Canadian Museum for Human Rights, being built in Winnipeg, Manitoba, is the first national museum to be located outside of the National Capital Region and the first to be constructed with funding from levels of government other than the Government of Canada. The Province of Manitoba, the City of Winnipeg, and the Friends of the Canadian Museum for Human Rights (the "Friends of CMHR") (representing private sector donors) are also funding the project. A Definitive Agreement, setting forth the terms, provisions and conditions for the parties' undertakings, including the transfer of land, was signed by all parties on February 1, 2008.

The Canadian Museum for Human Rights is a member of the Canadian Heritage Portfolio and reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

"To explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."

The operations of the Corporation are divided into three mutually supportive activities which work together to meet all aspects of its mandate. These activities and their respective descriptions are:

Museum Content and Program

To become the world's first museum dedicated to the exploration of human rights and recognized for the quality, integrity, balance and impact of its research and scholarship – an institution that encourages reflection and dialogue and engages and empowers Canadians and visitors from all walks of life to combat prejudice, intolerance and discrimination. To develop the Museum's content and programming through ongoing consultation and engagement of organizations, individuals and stakeholders across Canada and around the world.

Accommodation

To build a world-class, distinctive, architecturally exceptional museum – one of the largest museums solely dedicated to human rights in the world. To ensure that all aspects of the Building Construction Project are managed in a fiscally sound, transparent and accountable manner, employing effective risk-management practices throughout. By the time the facility opens, to establish the appropriate mechanisms to provide for effective, efficient operations and maintenance of the building and its ongoing security, accessibility and sustainability.

Stewardship and Corporate Management

To ensure that the private and public funds invested are managed in a transparent, accountable manner and that the Corporation optimizes the value to Canadians. To adopt sound and efficient governance and stewardship practices that facilitate the alignment of resources with priorities and full accountability to Canadians for results.

NOTES TO FINANCIAL

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow.

(a) Financial statement presentation and comparative figures

The financial statements for the year ended March 31, 2010 are presented with comparative figures for the eight months ended March 31, 2009. The Corporation commenced active operations when legislation to create the museum came into force on August 10, 2008.

(b) Financial assets and financial liabilities

Cash, investments and the Holdback Account are classified as "Financial Assets Held for Trading". These financial assets are recorded at fair value as determined by reference to their quoted bid price at the reporting date. Fair value adjustments to investments of restricted cash are recorded as deferred funding related to property and equipment on the Balance Sheet while fair value adjustments to investments of non-restricted cash are recorded in the Statement of Operations and Comprehensive Income. Purchases of investments are recorded on the trade date.

Cash equivalents are assets that are readily convertible into cash, such as money market holdings, short-term government bonds or treasury bills, marketable securities and commercial paper. Cash equivalents are distinguished from other investments through their short-term existence; they mature within three months.

Accounts receivable are classified as "Loans and Receivables". After the initial fair value measurement, they are measured at amortized cost using the effective interest rate method with changes in value recorded in the Statement of Operations.

Accounts payable and accrued liabilities are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method with changes in value recorded in the Statement of Operations.

The holdback account liability is classified as "Other Financial Liabilities". After its initial fair value measurement, it is measured at amortized cost using the effective interest rate method with changes in value recorded in the Statement of Operations.

(c) Property and equipment

Property and equipment owned by the Corporation are valued at cost, net of accumulated amortization.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets as follows:

Asset	Useful Life
Leasehold improvements	Lesser of term of lease and 5 years
Furniture and Equipment	3 to 10 years
Website Development	2 to 5 years
Computer equipment and hardware	3 years

Assets under construction are not amortized until they are placed in use.

(d) Employee future benefits

Pension Benefits: All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions to the plan reflect the full cost of the employer contributions. The amount is currently based on a multiple of the employee's required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(e) Contributions

Unrestricted contributions are recognized as revenue on the Statement of Operations and Comprehensive Income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

STATEMENTS (CONTINUED)

Contributions externally restricted, and related investment income, are recorded in other comprehensive income and recognized as either revenue in the Statement of Operations and Comprehensive Income or deferred funding related to property and equipment on the Balance Sheet in the year in which the related expenses are incurred. Deferred funding related to property and equipment is amortized on the same basis and over the same periods as the related property and equipment.

(f) Contributions-in-kind

Contributions-in-kind are recognized as revenue on the Statement of Operations and Comprehensive Income when received. Contributions-in-kind related to depreciable property and equipment are recorded as deferred funding related to property and equipment on the Balance Sheet.

Contributions-in-kind are recorded at the fair value of the asset received.

(g) Government funding

i) Parliamentary appropriations:

The Government of Canada provides funding to the Corporation. The portion of the parliamentary appropriation used or to be used for the Building Project and to purchase depreciable property and equipment are recorded as deferred funding related to property and equipment and deferred parliamentary appropriations, respectively, and amortized on the same basis and over the same periods as the related property and equipment. Parliamentary appropriations for specific projects are deferred and recognized on the Statement of Operations and Comprehensive Income in the year in which the related expenses are incurred. The remaining portion of the appropriation is recognized in the Statement of Operations and Comprehensive Income in the year for which it is approved.

ii) Other government assistance:

Funding may be provided by various levels of government, excluding Canada. Unrestricted government funding is recognized as other government assistance on the Statement of Operations and Comprehensive Income when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted government assistance and related investment income are recorded in other comprehensive income and recognized as either other government assistance in the Statement of Operations and Comprehensive Income or deferred funding related to property and equipment on the Balance Sheet in the year in which the related expenses are incurred. Deferred funding related to property and equipment is amortized on the same basis and over the same periods as the related property and equipment.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the year. Accrued liabilities, contingent liabilities, and estimated useful lives of property and equipment are the most significant items where estimates are used. Actual results could differ significantly from those estimates.

3. Adoption of new accounting standards

Effective 1 April 2009, the Corporation adopted the following new accounting standards:

(a) Section 1000 – Financial Statement Concepts

The Corporation adopted the amended CICA Handbook Section 1000, Financial Statement Concepts. This amendment virtually eliminates the matching principle and provides guidance to clarify the distinction between assets and expenses. The Corporation has reviewed its assets and liabilities to ensure that they meet the clarified criteria of the amended Section 1000 and has determined that there is no impact on its financial statements.

3. Adoption of New Accounting Standards (continued)

(b) Section 3862 – Financial Instruments – Disclosure

In June 2009, the Canadian Institute of Chartered Accountants (CICA) amended Section 3862, Financial Instruments – Disclosure, to include additional disclosure on fair value measurement for financial instruments and liquidity risk. These amendments require a three-level hierarchy for financial instruments measured at fair value that reflects the transparency and significant inputs used in making the fair value measurements. As the amendments only concern disclosure requirements, they do not have an impact on the financial statements of the Corporation. Comparative information is not required for the first year of implementation. The applicable disclosures required under this standard are included in Note 14(d).

(c) Section 3064 – Goodwill and Intangible Assets

This section replaces Section 3062, Goodwill and Other Intangible Assets. The standard defines the recognition and measurement criteria for intangible assets, and in particular, for intangible assets that are internally generated. This is effective for periods beginning on or after October 1, 2008. The implementation of this new section did not have any impact on the Corporation's financial statements.

4. Future accounting standards

International Financial Reporting Standards

In February 2008, the Accounting Standards Board (AcSB) confirmed that Publicly Accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) effective for years beginning on or after January 1, 2011. As well, in February 2008, the Public Sector Accounting Board (PSAB) amended the Introduction to Public Sector Accounting Standards to deem Government Business Enterprises (GBE) and Government Business-Type Organizations (GBTO) as Publicly Accountable enterprises. The Corporation is currently classified as a GBTO.

In December 2009, PSAB amended the Introduction to Public Sector Accounting Standards, eliminating the GBTO classification effective for years beginning on or after January 1, 2011. Government organizations previously classified as GBTO are required to reclassify themselves in the GBE, Government Not-For-Profit Organization (GNPO) or Other Government Organization (OGO) categories and adopt the applicable accounting standards for years beginning on or after January 1, 2011.

The Corporation is currently evaluating its classification in the Public Sector Accounting Handbook and is monitoring related developments and changes to accounting standards that will impact its financial statements for the year ended March 31, 2012.

5. Accounts receivable

At March 31,	2010	2009
Escrow funds due from Royal Trust:		
Province of Manitoba	$ –	$ 39,777,647
City of Winnipeg	–	16,401,035
Friends of CMHR	–	21,142,393
Refundable taxes	466,127	202,204
Other	55,542	33,548
	$ 521,669	$ 77,556,827

The carrying amounts of the Corporation's accounts receivable approximate their fair values due to their short term nature.

In 2008, in accordance with the Definitive Agreement, the Province of Manitoba, the City of Winnipeg and the Friends of CMHR deposited contributions of $38.8 million, $16.0 million and $20.48 million respectively to escrow accounts to be held in trust until the museum was established by an amendment to the *Museums Act* and a construction contract was signed by the Corporation. At March 31, 2009, the two conditions had been met and the escrow funds, including total related investment income of $4.0 million, were received by the Corporation in June, 2009.

6. Restricted cash, cash equivalents and investments

At March 31,	2010				2009	
	Cost	Unrealized gains/(losses)	Realized gains/(losses)	Fair Value	Cost	Fair Value
Restricted cash	$ 4,489,599	$ –	$ –	$ 4,489,599	$ 4,553,649	$ 4,553,649
Cash equivalents						
Government of Canada T-bills	39,996,920	2,040	–	39,998,960	3,499,052	3,502,415
Investments						
Guaranteed Investment Certificates	36,849,214	204,236	–	37,053,450	8,101,917	8,157,732
Government of Canada Bonds	4,992,855	4,235	–	4,997,090	–	–
Province of Ontario Bonds	1,495,762	(55,731)	–	1,440,031	1,495,762	1,503,783
Sub-total – Investments	43,337,831	152,740	–	43,490,571	9,597,679	9,661,515
	$ 87,824,350	$ 154,780	$ –	$ 87,979,130	$ 17,650,380	$ 17,717,579

7. Holdback cash account

In accordance with the construction contract for the Museum building and the *Builder's Lien Act of Manitoba*, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The total holdback cash account balance and related liability at March 31, 2010 was $3,104,049, of which $1,155,360 is current.

8. Property and equipment

At March 31,	Cost	Accumulated Amortization	Net book value 2010	Net book value 2009
Land	$ 4,979,330	$ –	$ 4,979,330	$ 40,023
Leasehold improvements	509,657	139,001	370,656	176,538
Furniture and equipment	75,049	4,170	70,879	–
Website development	69,815	16,651	53,164	–
Computer equipment and hardware	45,676	8,089	37,587	24,574
	$ 5,679,527	$ 167,911	$ 5,511,616	$ 241,135

On April 15, 2009, the Corporation acquired land for the Museum project from the City of Winnipeg and The Forks Renewal Corporation. The ownership of the land reverts back to the City of Winnipeg and The Forks Renewal Corporation when the land is no longer used for the purposes of the Museum, or such other purposes as approved by the previous owners. The land is recorded at market value based on an independent valuation. The Corporation's Management estimated that the Museum's river-front parcel should be valued at $4,930,000 plus related legal costs based on the information provided by the evaluator.

NOTES TO FINANCIAL

9. Assets under construction

Assets under construction represent costs incurred for the development and construction of the museum building. The assets under construction are comprised of the following costs incurred to date:

At March 31,	2010	2009
Building design and construction	$ 68,059,757	$ 14,332,387
Exhibit design and construction	3,498,041	2,115,576
	$ 71,557,798	$ 16,447,963

10. Accounts payable and accrued liabilities

At March 31,	2010	2009
Trade accounts payable	$ 818,402	$ 406,321
Building construction project accounts payable	4,311,926	1,873,633
Government agencies and departments	372,073	620,835
Vacation pay	68,422	10,615
	$ 5,570,823	$ 2,911,404

The carrying amounts of accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

11. Employee future benefits

Pension benefits:

The Corporation and all eligible employees' contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings of the employee's best five years up to retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The actual contributions made by the Corporation and the employees' contributions to the Public Service Pension Plan for the periods were as follows:

At March 31,	Year ended 2010	Eight months ended 2009
Corporation's contributions	$ 289,865	$ 18,166
Employees' contributions	93,974	4,923

Employees' and Corporation's contributions totaling $199,064 were payable at March 31, 2010 (2009 -$23,089).

12. Deferred funding related to property and equipment

(a) Deferred funding related to property and equipment is composed of:

At March 31,	2010	2009
Deferred funding - Government of Canada	$ 51,468,440	$ 31,170,876
Deferred contributions - Province of Manitoba	14,243,439	1,160,441
Deferred contributions - City of Winnipeg	5,765,101	–
Deferred contributions - the Friends of CMHR	15,195,725	12,030
	$ 86,672,705	$ 32,343,347

i) Deferred funding represents the unamortized portion of parliamentary appropriations from the Government of Canada or other government assistance used or to be used to pay for building project costs. Deferred funding is recognized as parliamentary appropriation revenue or other government assistance on the same basis and over the same periods as the related property and equipment is amortized.

ii) Deferred contributions (from non-owners) represent the unamortized portion of contributions used for building project costs. Deferred contributions are recognized as contribution revenue on the same basis and over the same periods as the related property and equipment is amortized.

(b) Changes in the deferred funding related to property and equipment is composed of:

At March 31,	2010	2009
Balance, beginning of year	$ 32,343,347	$ –
Government of Canada funding	20,000,000	27,000,000
Interest earned on Government of Canada funding while held in trust	–	3,995,067
Province of Manitoba funding	13,082,998	1,160,441
City of Winnipeg funding	5,765,102	–
Capital contributions from the Friends of CMHR	15,183,694	12,030
Other Government assistance	219,155	–
Interest and investment income on deferred funding	78,409	175,809
Balance, end of year	**$ 86,672,705**	**$ 32,343,347**

13. Government funding – parliamentary appropriations:

At March 31,	Year ended 2010	Eight months ended 2009
Main estimates amount provided from operating and capital expenditures	$ 1,500,000	$ 5,000,000
Carry forward from 2008-2009	1,900,000	(1,900,000)
Re-profiled from 2010-2011	5,200,000	–
Amounts used to purchase property and equipment	(594,931)	(399,790)
Amounts used to purchase assets under construction	(219,155)	–
Amortization of deferred funding related to property and equipment	254,450	158,655
Other Government of Canada funding - Western Economic Diversification Canada	–	27,000,000
Amounts received in the current period relating to the construction of the Museum Project	–	(27,000,000)
	$ 8,040,364	**$ 2,858,865**

NOTES TO FINANCIAL

14. Financial risk management

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Audit Committee was appointed in August 2009. It ensures that the Corporation has identified its major risks and ensures that management monitors and controls them. The Board oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of restricted cash, cash equivalents and investments as well as accounts receivable.

The maximum exposure to credit risk of the Corporation at March 31, 2010 is the carrying value of these assets.

(i) Accounts receivable

The Corporation's exposure to credit risk associated with accounts receivable is influenced mainly by the demographics of the Corporation's debtors, including the risk associated with the type of debtor. The Corporation's accounts receivable balance as at March 31, 2010 is comprised mainly of refundable GST due from the Government of Canada, and is current. No allowance for doubtful accounts has been recorded by the Corporation as at March 31, 2010.

(ii) Cash, cash equivalents and investments

The Corporation manages its credit risk surrounding cash, cash equivalents and investments by dealing solely with reputable banks and financial institutions, and utilizing an investment policy approved by the Board of Trustees to guide their investment decisions.

Investments are limited to short-term highly liquid cash equivalents issued by governments and their agencies or corporations maturing within one year or fixed income investments beyond one year. They must be denominated in Canadian dollars and maintain the following credit ratings of the Dominion Bond Rating Service, Standard & Poor's Rating Services or a recognized rating agency:

- Cash equivalents must be rated R-1 low or A1 low or equivalent;
- Government Bonds must be rated A or better; and
- Corporate Bonds must be rated AA low or better.

No part of the portfolio may be invested in equities, options, futures or derivative products.

(iii) Future contributions

The contributions received by the Corporation in accordance with the Definitive Agreement are restricted for use in the building project. The strategy with respect to capital risk management is to ensure that the restricted funds are segregated and utilized in accordance with the budget for the building project. The Corporation expects to deliver the construction project within the funds to be raised.

The Friends of CMHR committed in the Definitive Agreement to provide cash contributions in four annual installments. The main source of funding for the installment payments is the collection of pledges individuals, organizations and corporations have made to the Friends of CMHR for the museum project. This represents a potential risk to the Corporation. The Friends of CMHR have, however, had significant success with their pledge collections, which is demonstrated by payment of the first three of four installments.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return.

(i) Foreign exchange risk

The Corporation's financial assets and liabilities are in Canadian dollars which is the functional currency of the Corporation. Foreign exchange risk may arise from certain contracts related to the building project which may be denominated in foreign currencies, specifically the US dollar. At March 31, 2010 the Corporation did not have any material foreign currency risks.

Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations. The effect of fluctuations in foreign exchange rates on the financial statements is insignificant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk. The Corporation's restricted cash, cash equivalents and investments mainly include short-term, highly liquid investments that earn interest at fixed rates. The Corporation does not have any debt instruments at March 31, 2010.

The Corporation manages its interest rate risk by maintaining a mix of highly liquid investments. The Corporation will contract with an investment manager in the fiscal year ended March 31, 2011 in order to further manage interest rate risk.

If interest rates at March 31, 2010 had been 1% lower or higher with all other variables held constant, other comprehensive income and deferred funding related to property and equipment would have been $214,448 lower (2009 - $31,620) or $316,807 higher (2009 - $31,620), respectively, arising mainly as a result of a decrease or increase, respectively, in the fair value of fixed rate financial assets classified as held for trading.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

The Corporation manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

At March 31, 2010, the Corporation had cash and cash equivalents of $45,225,088 (2009 - $8,876,441).

The maturities of the Corporation's financial liabilities at March 31, 2010 are estimated by management to be as follows:

Accounts payable and accrued liabilities	$5,570,823	Due within 30 days
Current portion holdback account	$1,155,360	Due within 1 year
Holdback account	$1,948,689	Due after 1 year

(d) Fair value measurement hierarchy

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements.

The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

(i) Level 1 – Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets and liabilities.

(ii) Level 2 – Financial instruments are considered Level 2 when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.

NOTES TO FINANCIAL

14. Financial Risk Management (continued)

(iii) Level 3 – Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

All of the Corporation's financial assets and liabilities can be classified as Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

15. Capital management

The Corporation defines capital that it manages as the aggregate of its shareholder's equity which is comprised of retained earnings and accumulated other comprehensive income, and its deferred funding related to property and equipment. Deferred funding consists of government appropriations and donations received to fund the design and construction of the building and the acquisition of property and equipment.

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern. No changes were made to these objectives since the last period.

The following table provides a summary of the Corporation's capital:

	Balance at March 31, 2009	Change in period Increase/ (Decrease)	Balance at March 31, 2010
Shareholder's equity:			
Retained earnings	$ 82,117	$ 23,204	$ 105,381
Accumulated other comprehensive income	$ 77,321,075	$ (3,750,962)	$ 73,570,113
Deferred funding related to property and equipment	$ 32,343,347	$ 54,329,358	$ 86,672,705

16. Related party transactions

The Corporation is related to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. During the year, the Corporation incurred expenses totaling $839,154 (2009 - $459,320) and recorded operating revenue of $8,040,364 (2009 - $2,858,865) with related parties.

As at March 31, 2010 the Corporation recorded the following amounts on the Balance Sheet for transactions with related parties:

At March 31,	2010	2009
Property and equipment purchases	$ 419,657	$ 335,193
Accounts payable and accrued liabilities	$ 374,687	$ 620,835
Deferred funding related to property and equipment	$ 20,000,000	$ 27,000,000
Deferred parliamentary appropriations	$ 532,286	$ 241,135
Deferred parliamentary appropriations related to assets under construction	$ 219,155	$ –

17. Commitments:

As at March 31, 2010, the Corporation had entered into long-term contracts for equipment and services with a remaining value of $1.4 million (2009 - $1.1 million). As of March 31, 2010, the Corporation has also entered into long-term contracts for $171.9 million (2009 - $48.1 million) relating to the Building Project with a remaining commitment of $107.4 million (2009 - $37.6 million). The Building Project is planned for completion in 2012.

STATEMENTS (CONTINUED)

The future minimum payments are as follows:

At March 31,	2010
2010-2011	$ 33,342,087
2011-2012	75,348,862
2012-2013	94,740
	$ 108,785,689

18. Contingencies

In the normal course of its operations, the Corporation may become involved in various claims or legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a liability will be accrued and an expense recorded in the Corporation's financial statements.

There are no outstanding claims against the Corporation and no amount has been included in the Balance Sheet as at March 31, 2010.

19. Subsequent events

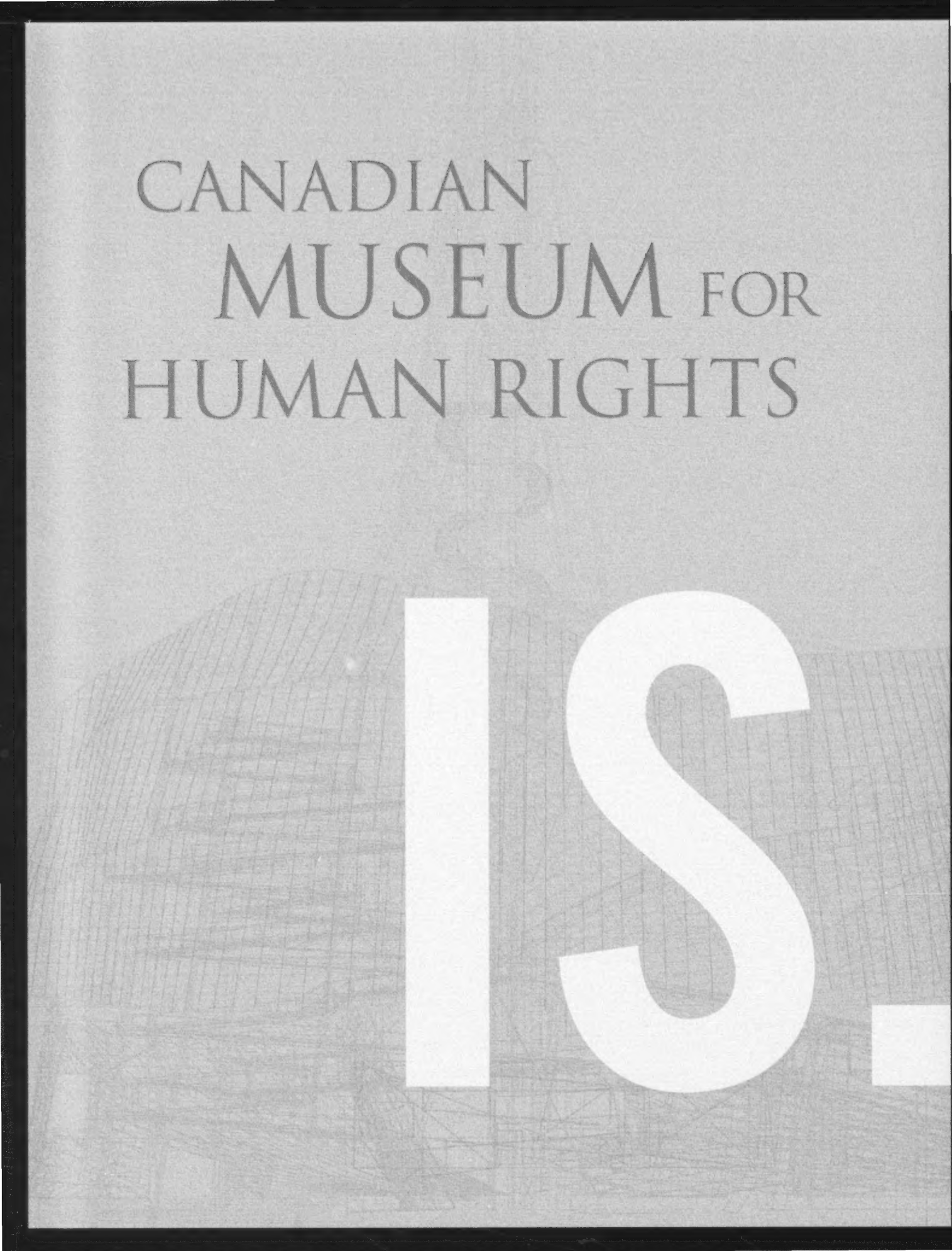
In April 2010, the Friends of CMHR paid the third installment of their contribution to the building project as required by the Definitive Agreement in the amount of $24.43 million, less $2.3 million pending completion of a revised agreement to allow the Friends of CMHR operating funds to raise the remaining capital funding required for the project. The payment conditions were not met until April 1, 2010 and, accordingly, the contribution was not recorded as receivable on the Balance Sheet at March 31, 2010.

20. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

Schedule 1 - Expenses

At March 31,	Year ended 2010	Eight months ended 2009
Personnel costs	$ 2,534,036	$ 610,395
Exhibit content development	2,128,772	328,824
Professional and special services	772,483	922,286
Marketing and promotion	647,293	195,852
Travel	520,742	209,565
Office supplies and administration	502,527	253,017
Facilities	406,269	76,411
Amortization of property and equipment	254,450	158,655
Computers and furniture	219,575	62,451
Development	52,103	–
Total expenses	**$ 8,038,250**	**$ 2,817,457**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